ISSUE DATE: August 21, 2000

DOCKET NO. E-015/RP-99-1543

ORDER APPROVING MINNESOTA POWER's 2000 RESOURCE PLAN, REQUIRING SUPPLEMENT, AND SETTING REQUIREMENTS FOR NEXT RESOURCE PLAN

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Gregory Scott	Chair
Edward A. Garvey	Commissioner
Joel Jacobs	Commissioner
Marshall Johnson	Commissioner
LeRoy Koppendrayer	Commissioner

In the Matter of Minnesota Power's 2000-2014 Resource Plan

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PROCEDURAL HISTORY

On July 9, 1998, the Commission issued its ORDER APPROVING RESOURCE PLAN, REQUIRING INTERIM REPORT, REQUIRING CHANGES IN RESOURCE PLANNING PROCESS, AND SETTING REQUIREMENTS FOR NEXT FILING in Docket No. E-015/RP-97-1545 In the Matter of Minnesota Power's 1997 Resource Plan. In that order, the Commission directed Minnesota Power (MP) to –

- make the following revisions in its integrated resource planning (IRP) process:

  (a) treat demand side resources and supply side resources similarly, by including all demand side and supply side resources on one list of potential resources and using that list to select the final resource mix, and

  (b) examine demand side management goals for the commercial and industrial sectors using a specified "three-step method";

- include the following items in its next resource plan filing:

  (a) a sector-specific forecast, if available,

  (b) a detailed discussion of MP's transmission planning activities, any new or upgraded transmission facilities, and MP's efforts to participate in regional transmission planning,

  (c) a detailed discussion of the possibility of significant deratings or shutdowns of older units during the planning period,

  (d) a report on the reason for the sudden change in projected residential demand

side management savings in 2001, and

(e) a report on the status of MP's compliance with the federal Clean Air Act amendments and other environmental requirements; and

- file its next integrated resource plan by November 1, 1999.

On October 29, 1999, MP filed its IRP for the years 2000-2014.

On November 10, 1999, the Department of Commerce (the Department) stated that MP had fulfilled its filing requirements, and recommended that the Commission accept MP's filing as complete.

On March 1, 2000, the Izaak Walton League of America (IWLA) and the Department each filed substantive comments on MP's plan. The Department, IWLA and MP each filed reply comments on May 1, 2000.

On June 13, 2000, Commissioner Garvey sent a letter to MP asking MP to state how it would respond to a program to reduce carbon dioxide (CO_2) emissions.[1] MP responded by letter dated July 6, 2000.

The matter came before the Commission on July 13, 2000.

FINDINGS AND CONCLUSIONS

I. Preliminary Matters

A. Jurisdiction

The Commission has jurisdiction over this matter pursuant to Minn. Stat. § 216B.2422 and Minn. Rules, Parts 7843.0100 to 7843.0600.

B. Overview

An electric utility seeks to provide the electricity demanded by its customers. The utility achieves this end by supplying electricity through a combination of generation and power purchases. The utility can also seek to achieve this end by managing its customers' demand. It

[1]Commissioner Garvey had made similar inquires of Alliant Energy and Northern States Power Company. In the Matter of Alliant Energy 1999 Resource Plan, Docket No. E001/RP-99-1185 ORDER MODIFYING RESOURCE PLAN AND SETTING STANDARDS FOR NEXT RESOURCE PLAN (June 8, 2000); In the Matter of the Application of Norther States Power Company for Approval to Merge with New Century Energies, Inc., Docket No. E,G-002/PA-99-1031 ORDER APPROVING MERGER, AS CONDITIONED (June 12, 2000) at 10, 13, and appendix.

does this by encouraging customers to conserve electricity, or to shift activities requiring electrical energy to periods when the system-wide demand for electricity is less.

A resource plan contains a set of demand-side and supply-side resource options that a utility could use over the forecast period. Minn. Stat § 216B.2422, subd. 1(d). In an "integrated" resource plan, a utility considers both the supply-side resources and the demand-side resources together, on an equivalent basis. Through the process of creating an IRP, a utility can identify the least expensive reliable combination of supply-side and demand-side resources that will meet the utility's requirements, consistent with state and federal law and public policy. Minn. Stat. § 216B.2422, subd. 1(d); Minn. Rules part 7843.0400, subp. 2.

Generally, the resource planning statute and rules direct utilities to file biennial reports on (1) the projected energy needs of their service areas over the next 15 years; (2) their plans for meeting projected need; (3) the analytical process they used to develop their plans for meeting projected need; and (4) their reasons for adopting the specific resource mix proposed to meet projected need. These requirements are designed to ensure that utilities making resource decisions give adequate consideration to factors whose public policy importance has grown in recent years, such as the environmental and socioeconomic effect of different resource mixes. The process is designed to encourage participation from the public, other regulatory agencies and the Commission. The Commission must approve, reject or modify the proposed IRP, consistent with the public interest. Minn. Stat. § 216B.2422, subd. 2.

C. Factors to Be Considered

The rules require the Commission to evaluate resource options and resource plans at least on their ability to –

- maintain or improve the adequacy and reliability of utility service,
- keep the customers' bills and the utility's rates as low as practicable, given regulatory and other constraints,
- minimize adverse socioeconomic effects and adverse effects upon the environment,
- enhance the utility's ability to respond to changes in the financial, social, and technological factors affecting its operations, and
- limit the risk of adverse effects on the utility and its customers from financial, social, and technological factors that the utility cannot control.

Minn. Rules, part 7843.0500, subp. 3.

II. Party Positions

A. Minnesota Power's Resource Plan

MP explains its resource planning process as follows: First, it develops a load forecast for the planning period, which in this case runs from 2000 to 2014. Specifically, MP forecasts the amount of energy consumed, as well as the amount of peak energy demanded, based on various economic and demographic assumptions. Planning focuses on expected load levels, with contingency plans developed for low load and high load scenarios.

At the same time, MP forecasts the probable effect of demand-side management, which it defines to include conservation, peak shaving, load shifting, and valley filling. It subtracts estimated demand-side management savings from forecasted load levels to determine its final load forecast(s).

MP compares the final load forecast(s) with its existing power supply and considers its options for meeting any deficit. It chooses between these options by weighing rate and financial effects; environmental effects; customer, shareholder, and other stakeholder needs; reliability; contingency planning to minimize risk; power supply timing and uncertainty; and regulatory guidance.

After completing this process MP concluded it would be able to meet its load throughout the 2000-2004 period, and probably throughout the entire planning period, without adding new generation facilities or refurbishing existing facilities.

B. Comments on Plan

The Department finds that MP acted reasonably –

- in the manner by which it forecasted its summer peak demand and energy requirements, and
- in concluding that it has sufficient resources to serve its customers throughout the planning period.

But the Department or the IWLA or both complain that, among other things, MP's plan fails –

- to integrate its planning – that is, fails to calculate the cost of its demand-side and supply-side options on a comparable basis,
- to state the outcome of new DSM programs distinct from existing DSM programs,
- to comply with the Commission's directive to determine DSM goals for the commercial and industrial sectors using the "three-step method," and
- to include a forecast of DSM programs sufficient to fulfill existing statutory mandates.

Balancing these circumstances, the Department ultimately recommends that the Commission approve MP's plan; the IWLA recommends rejection.

III. Commission analysis

Having reviewed the filing and weighed the arguments raised by the parties, the Commission will approve MP's Resource Plan. However, as discussed below, the Commission will direct MP to supplement its current plan, and instruct MP in changes it expects in MP's next plan.

A. Supply-side analysis

1. In general

MP claims that its forecasted power supply and forecasted load are in balance through at least 2013, obviating the need for any new generation resources. The Department conducted its own analysis and reached a similar conclusion.

In its prior IRP docket, the Commission directed MP to include in its next resource plan, among other things, a detailed discussion of the possibility that MP might have to shut down or reduce the output of ("derate") older units during the planning period. The Department expressed concern about the reliability of MP's 1950s-era generating plants. MP provided evidence that 39.9 percent of coal-fired units of 100 MW or less that began operating between 1900 and 1960 are still in operation. Additionally, only 11.35 percent of the active coal-fired generators between 39-78 years old are scheduled for retirement before 2014, the end of MP's planning period. Accordingly, the Department concludes that MP has complied with the Commission's directive. Moreover, the Department concludes that MP can appropriately continue to include its older generating plants in its supply plan.

2. Transmission

As their name suggests, "transmission" facilities transmit electricity from where it is generated to where it is demanded. MP reports owning and operating 1918 miles of lines used to transmit electricity at voltages between 115 and 500 kilovolts (kV).

During its last IRP case, the Commission directed MP to include in its next IRP case a detailed discussion of MP's transmission planning activities, any new or upgraded transmission facilities, and MP's efforts to participate in regional transmission planning. MP included such information in its filing at Appendix C. After reviewing the filing, the Department concludes that MP has complied with the Commission's directive.

For several years, MP has had concerns about maintaining voltage levels in its western service area, including Brainerd, Little Falls, Long Prairie and Verndale. MAPP's system operating conditions and generation mix have increased the power flowing from North Dakota to the Twin Cities over MP's two 230 kV transmission lines. MP suggests that such conditions might warrant greater volt ampere reactive (VAR) requirements. This situation, combined with abnormally hot weather during July 1999, culminated in low voltage levels in MP's western service area. MP plans to install a 115 kV 27 megaVAR (MVAR) capacitor bank at the Long Prairie 115/34 kV substation to alleviate this condition. However, the overall situation has prompted the MAPP Red River Valley Subregional Planning Group to organize a West Central Minnesota Voltage Study Group to investigate the matter. MP suggests that the group may recommend installation of additional VAR support on MP's 230 kV system.

The Commission regards voltage maintenance as a vital matter, especially with the advent of industry restructuring, and values being apprised of situations such as this. The Commission will direct MP to include an update of its transmission plans, including any transmission needs determined by the West Central Minnesota Voltage Study Group, in its next IRP.

B. Demand-side analysis

1. In general

An electric utility confronts various challenges, but especially the challenges of getting enough energy to serve its customers, and of getting enough power to serve its customers. Energy is the capacity to do work, such as running an air conditioner on a hot day. It is commonly measured in thousands of kilowatt-hours (kWh). Power is the capacity to do work at a given point in time, such as running thousands of air conditioners throughout the state at the same time. Power is commonly measured in kilowatts (kW).

In order to obtain sufficient energy and power to meet customer demand, utilities may build generating stations, transmission plant and distribution plant, or refurbish them, or buy capacity from others. Alternatively, a utility may seek to manage consumer demand through demand-side management (DSM) programs, thereby forestalling or avoiding the need for such supply-side expenditures.

A utility measures the value of a DSM program on the basis of costs that the utility can avoid. The value of a DSM program derives from the value of any supply-side projects a utility can postpone or avoid, as discussed above, plus the value of the fuel a utility doesn't have to use and the value of any environmental harm the utility does not need to cause. Such evaluation is fact-specific, depending on the cost of any anticipated environmental harms, fuels, and construction projects.

Unlike other Minnesota electric utilities, MP projects no need for additional capacity throughout the 15-year planning period. In the absence of any avoidable supply-side projects, the value of MP's DSM programs must derive from categories such as avoided fuel costs and avoided environmental harms. A utility will find fewer DSM programs to be cost-effective under these circumstances.

MP estimates that the amount of energy it can avoid through DSM programs will increase each year until 2006, and decrease rapidly thereafter. Similarly, MP estimates that the amount of power capacity (demand) it can avoid through DSM programs will increase each year until 2008, and decrease rapidly thereafter. These patterns reflect the combined effect of new DSM programs being initiated, and old DSM programs expiring. MP does not disaggregate this data to show the predicted effects of new programs separate from the predicted effects of programs expiring.

MP's failure to disaggregate this data will impede the Department's ability, in the context of analyzing Conservation Improvement Program (CIP) petitions, to evaluate whether MP has achieved the targeted level of DSM savings. Minn. Stat. § 216B.241. This does not create a problem in the near term, because MP does not forecast many DSM programs retiring soon. But on an ongoing basis, the Department has asked MP to state in its IRP the incremental kW and kWh savings attributable to new DSM measures, and the level of kW and kWh savings from expiring DSM measures. MP agreed to this request. The Commission finds the request reasonable, and will direct that it be done.

The IWLA expressed concern that MP's plans appear to exclude any estimate of the effect of continued investment in DSM after 2004. In explanation, MP notes that –

- forecasts beyond five years are difficult,

- MP bases its action plan on forecasts of electricity supplies and demands for the next five years, so that any alleged deficiencies in forecasts five years into the future have little effect on MP's conduct, and

- MP expects that market forces will begin providing DSM functions at some point in the future, displacing the need for utility-based DSM planning.

The IWLA argues that, notwithstanding MP's explanations, MP has a statutory obligation to continue investing in DSM. MP's failure to estimate the results of that investment may create a tendency to increase MP's reliance on supply-side rather than demand-side resources.

The Commission finds merit in the IWLA's concerns. While the Commission appreciates the complexities in generating forecasts in the midst of industry restructuring, it is only appropriate for MP to base at least one planning scenario on the possibility that current law remains in effect. Doing so would mean assuming that MP continues to invest in DSM, and presumably continue to displace the need for some amount of energy or demand or both. MP should generate estimates of the amount of energy and demand avoided, and incorporate those estimates into at least one scenario.

MP offers to include such a scenario in its next IRP filing. The Commission accepts MP's offer, and will direct compliance.

2. Residential sector

In its prior IRP case, MP projected several years of static residential DSM performance, followed by a sudden increase. The Department questioned the basis for MP's projections, and asked the Commission to direct MP to explain the phenomena or to correct any errors that had produced it.

MP's current projections of residential DSM performance do not contain such anomalous patterns. The Department is satisfied that MP has addressed this matter adequately. The Commission finds that conclusion reasonable.

3. Commercial and industrial sectors

In its prior IRP case, the Department was not persuaded that MP had undertaken the appropriate analysis for establishing DSM goals. Additionally, MP projected that customers would demand more electricity than MP anticipated supplying in 2009 and 2010, and that customers would demand almost as much electricity as MP anticipated supplying in other years. These facts prompted the Department to ask the Commission to direct MP to examine DSM goals for both its commercial and industrial sectors using a specified three-step method.

In the current case, the Department finds that MP has again failed to conduct the appropriate analysis. But the Department notes that changes in MP's electricity supply and demand forecasts make the weaknesses of MP's DSM analysis less significant. As a result, the Department does not recommend that the Commission order any remedial action on this basis.

Given MP's current forecasts of electricity supply and demand, the Commission will accept the Department's recommendation. For purposes of the current docket, the Commission will order no remedial action on this basis.

C. Environmental considerations

One of the most important goals of the resource planning process is protecting utilities and the public they serve from being blindsided by major shifts in the economy, public policy, and technology. Contingency planning has therefore been part of the process from the beginning. This planning not only helps utilities deal with foreseen contingencies, it helps them deal with unforeseen contingencies, by creating a broader perspective and information base than they would otherwise have.

Environmental issues represent a major area influenced by changes in the economy, public policy and technology.

1. Issued identified by MP

MP notes in its IRP, page 6, that –

> There are a number of emerging environmental issues that could directly affect future operations of Minnesota Power's coal-fired plants including:
>
> - Air Toxics[2]
> - Global Climate Change
> - Regional Haze
> - National ambient air quality standards (fine air-borne particulate, SO_2 [sulfur dioxide] and NO_x [nitrogen oxides]/Ozone)
> - New Source Review Reform
> - Pollution Prevention
> - Sustainable Development
> - Mercury Discharge/Emissions
> - Total Maximum Daily Load (TMDL)[3]
> - Great Lakes Initiative[4]

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[2]"Air toxics" means pollutants that are known or suspected to cause serious health problems under the federal Clean Air Act's Title III "Hazardous Air Pollutant" (HAP) program, 42 U.S.C. § 7412.

[3]TMDL is the daily maximum amount of each pollutant (the "load") that the water body can receive and still meet water quality standards under the federal Clean Water Act, 33 U.S.C. § 1313(d)(1)(C) *et seq*.

[4]The Great Lakes Initiative is an program launched in 1993 by a branch of the federal Environmental Protection Agency (EPA) to reduce the release of certain chemicals around the Great Lakes. In response to this initiative, MP plans to retire substation capacitor banks containing polychlorinated biphenyl (PCB) by 2002.

To the extent that these matters affect MP's operations, the IRP process provides an appropriate forum for addressing them. The Commission will direct MP to address these matters in its February 15, 2001 filing, discussed below.

The Commission will elaborate on a few environmental issues.

2. Compliance with Clean Air Act, as amended

In it prior IRP case, the Commission directed MP to include in its next filing plans and efforts to comply with the federal Clean Air Act (CAA) amendments (CAAA) and other environmental regulations, as well as any continency plans to prepare for the possibility that the federal Environmental Protection Agency (EPA) shuts down or places additional compliance requirements on its coal-fired plants.

The CAA governs air pollution, or "emissions." In particular, the Act's Title IV governs the emission of nitrogen oxides (NO_x) and sulfur dioxide (SO_2). The EPA establishes standards for the amount of emissions permitted by each plant, but permits plant operators to trade emission allowances to help minimize the cost – and maximize the benefit – of compliance. MP reports that its coal-fired plant already meet the CAA's emission standards.

But the CAA consists of more than just emissions limits. It states that when "major modifications" to a generator result in "significant net emissions increases," the EPA may require installation of the best available control technology, which may be costly. Given the dispute about definition of "major modification," the Commission regards this issue as fraught with uncertainty. As a result, the Commission will direct MP to continue to apprise the Commission of its plans and efforts to comply with the CAA and other environmental regulations, as well as continency plans to prepare for the possibility that the EPA shuts down or places additional compliance requirements on coal-fired plants.

3. Greenhouse gases

One plausible contingency with far-reaching consequences is a future mandate or incentive program to reduce utility emissions of greenhouse gases. Gases in our atmosphere differ in their ability to absorb heat from the sun. Many heat-trapping "greenhouse" gases – including carbon dioxide (CO_2), methane, and nitrous oxide – occur naturally in the atmosphere, but certain human activities contribute to them. The EPA reports that burning coal produces CO_2 and nitrous oxide; mining and shipping coal also releases methane.

As concern grows that increased levels of greenhouse gases will alter the Earth's climate, so grows the risk of a new legal need to reduce greenhouse gas emissions. The Commission is persuaded that electric utilities must begin considering this contingency to adequately protect ratepayers.[5] In this vein, in its supplemental filing MP may find it appropriate to report its total

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[5]See, for example, In the Matter of Alliant Energy 1999 Resource Plan, Docket No. E001/RP-99-1185 ORDER MODIFYING RESOURCE PLAN AND SETTING STANDARDS FOR NEXT RESOURCE PLAN (June 8, 2000); In the Matter of the Application of Northern States Power Company for Approval to Merge with New Century Energies, Inc., Docket No. E,G-002/PA-99-1031 ORDER APPROVING MERGER, AS CONDITIONED (June 12, 2000) at 10, 13, and appendix.

CO_2 and other greenhouse gas emissions for all sources that provide MP electricity. MP could report this data for the year 1990 as well as the most recent year for which complete emissions information is available.

MP might also report on how possible international or national policy changes could affect MP's system and ratepayer costs. For example, MP might address how it would respond if policies permit emissions trading or the use of carbon sequestration to fulfill any CO_2 emissions reduction requirement. It also might address how it would respond if emissions trading and the use of carbon sequestration were not allowed. Finally, MP might address how it would respond if only a limited amount of emission trading and carbon sequestration were permitted. And, for each of these scenarios, MP could describe how varying the CO_2 reduction levels might change the effect on MP.

Similarly, MP could address how the timing of CO_2 emissions reduction requirements would affect MP's system and ratepayer costs.

Finally, MP could report on its actions, and potential actions, regarding climate change that appear prudent in response to developing international and national climate policies. In this portion of the supplemental filing, MP could describe industry and industry-approved climate change initiatives (for example, the Electric Power Research Institute's Climate Change Targets and the federal Department of Energy's Climate Challenge Program) and how MP views such programs.

4. Mercury emissions

The CAA, as amended, directed the EPA to study how emissions from electric utility steam generating units are harming the public health. 42 U.S.C. 7412(n)(1)(A). In the resulting February 24, 1998 Report to Congress, the EPA concluded that utilities are the major remaining source of mercury emissions into the air. Subsequently the EPA has collected data on mercury emissions from all coal-fired electric generating plants.

While the EPA addresses mercury's threat to public health generally, a local facet of the problem applies to Minnesota's bountiful lakes and streams. Increasing concentrations of mercury in Minnesota's fresh fish are evoking public concern. In its supplemental filing, MP may want to address this concern.

5. Changes in technology, conservation or fuel conversions

Finally, MP might consider addressing how other factors, such as technological advances, conservation efforts or fuel conversions could affect MP's system and/or ratepayer costs.

IV. Certificate of Need

Given the costs, financial and otherwise, of building or refurbishing "large energy facilities" as defined at Minn. Stat. § 216B.2421, subd. 2, the legislature prohibits energy utilities from doing so until they receive a Certificate of Need for demonstrating that no better alternatives exist. Minn. Stat. §§ 216B.243, 216C.05. But Minnesota's resource planning statutes provide a means for an electric utility to avoid having a separate Certificate of Need proceeding. Minn. Stat.

§ 216B.2422, subds. 2, 4, 5. Additionally, Minn. Rules part 7843.0600 states:

> Subp. 2. Resource plan findings of fact and conclusions. The findings of fact and conclusion from the commission's decision in a resource plan proceeding may be officially noticed or introduced into evidence in related commission proceedings, including ... certificate of need cases. In those proceedings, the commission's resource plan decision constitutes prima facie evidence of the facts stated in the decision.
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> Subp. 3. Construction of major utility facilities. A utility submitting a proposed resource plan is exempt form the requirements of other rules covering construction of major utility facilities and adopted under Minnesota Statutes, Section 216B.24.

These rules reflect the Commission's interest in administrative efficiency: what a utility has demonstrated in one docket need not be re-demonstrated in another docket. But this principle has no application to the current docket.

The Commission has decided to approve MP's IRP, despite its failure to compare demand-side and supply-side resources on an equivalent basis, only because MP is not projecting the need for building or refurbishing any large energy facilities. If MP were to find that it now requires such construction or refurbishment, MP has yet to demonstrate that no better options -- such as demand-side options -- exist. A full Certificate of Need proceeding would be necessary to fulfill that function. In short, because MP has not made such a showing in the current docket, the Commission's approval of MP's IRP in this docket shall not preclude the need for a Certificate of Need proceeding, and shall not constitute prima facie evidence of MP's need for any additional large energy facility.

V. Next Filing Date

The last time the Commission approved MP's resource plan, it also set a date to file its next resource plan that differed from the date indicated in the Commission's rules. The Commission hereby clarifies that MP shall file its next resource plan by November 1, 2001, consistent with the biennial schedule indicated in Commission rules.

In recognition of the growing need for advanced planning to address environmental concerns, however, the Commission will accept MP's July 6 proposal to supplement its 1999 IRP with a discussion of such issues. MP proposes to postpone this filing until February 15, 2001, to permit sufficient time to incorporate developments resulting from the sixth Conference of the Parties to the United Nations Framework Convention on Climate Change scheduled for The Hague, Netherlands in late 2000. The Commission finds this schedule reasonable, and will approve it.

ORDER

1. MP's resource plan, and the underlying forecasts, are approved. This approval, however, provides insufficient support for MP to obtain a Certificate of Need for building or refurbishing any large energy facilities as defined at Minn. Stat. § 216B.2421, subd. 2.
2. MP shall file by February 15, 2001, a discussion of emerging environmental issues that could directly affect future operations of MP's coal-filed plants. These issues include:

A. air toxics,
B. global climate change,
C. regional haze,
D. national ambient air quality standards, including fine air-borne particulates, SO_2 and NO_x/ozone,
E. new source review reform,
F. pollution prevention,
G. sustainable development,
H. mercury discharge,
I. Total Maximum Daily Load, and
J. the Great Lakes Initiative.

3. MP's February 15 filing may also address –

A. Total CO_2 and other greenhouse gas emissions for 1990 and the most recent year for which the most complete emissions information is available for all sources that provide MP electricity.

B. Possible effects on MP's system and ratepayer costs if international or national policies:
   i. Promote unrestricted emissions trading and/or carbon sequestration possibilities to meet any CO_2 emissions reduction requirement;
   ii. Permit but restrict or limit emissions trading and/or carbon sequestration possibilities to meet any CO_2 emissions reduction requirement; or
   iii. Prevent emissions trading and/or use of carbon sequestration possibilities to meet any CO_2 emissions reduction requirement.

   In discussing these possible effects, MP could describe how various CO_2 emission reduction levels change the effects.

C. How the timing of CO_2 emissions reduction requirements may affect MP's system and ratepayer costs.

D. How other factors, such as technological advances, conservation efforts or fuel conversions could affect MP's system and/or ratepayer costs.

E. MP's actions regarding climate change and potential actions that appear prudent in response to developing international and national climate policies. This portion of the supplemental filing could describe industry and industry-approved climate change initiatives, i.e. the Electric Power Research Institute's Climate Change Targets and the Department of Energy's Climate Challenge Program, and how MP views such programs.

F. How MP can address Minnesotans' concerns that mercury concentrations limit the consumption of fresh fish taken from Minnesota lakes.

4. MP shall file its next resource plan by November 1, 2001, and shall include:

A. A scenario assuming no change in current law mandating at least a minimum investment in DSM programs,

B. An update of its transmission plans, including any transmission needs determined by the West Central Minnesota Voltage Study Group,

C. The incremental kilowatt (kW) and kilowatt-hour (kWh) savings attributable to new demand-side management (DSM) measures, as well as the level of kW and kWh savings from expiring DSM measures, and

D. Its plans and efforts to comply with the Clean Air Act amendments and other environmental regulations, as well as any continency plans to prepare for the possibility that the federal Environmental Protection Agency shuts down or places additional compliance requirements on its coal-fired plants.

5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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